

CHRISTOPHER & BANKS CORP

FORM 8-K (Current report filing)

Filed 06/25/09 for the Period Ending 06/25/09

Address	2400 XENIUM LANE NORTH PLYMOUTH, MN 55441-3626
Telephone	6125515000
CIK	0000883943
Symbol	CBK
SIC Code	5621 - Women's Clothing Stores
Industry	Retail (Apparel)
Sector	Services
Fiscal Year	02/26

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report Pursuant to Section 13 or 15(d)
Of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **June 25, 2009**

CHRISTOPHER & BANKS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-31390

(Commission File Number)

06-1195422

(IRS Employer
Identification No.)

**2400 Xenium Lane North
Plymouth, Minnesota 55441**

(Address of Principal Executive Offices) (Zip Code)

(763) 551-5000

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-
-

Item 2.02 Results of Operations and Financial Condition .

On June 25, 2009, Christopher & Banks Corporation (the “Company”) issued a press release disclosing material nonpublic information regarding the Company’s operating results for its first fiscal quarter ended May 30, 2009. In the release, the Company also disclosed certain key financial metrics for its second fiscal quarter ending August 29, 2009 and fiscal year ending February 27, 2010.

The press release issued on June 25, 2009 is furnished as Exhibit No. 99.1 to this Current Report on Form 8-K and should be read in conjunction with the registrant’s reports on Forms 10-K, 10-Q and 8-K, and other publicly available information, which contain other important information about the registrant.

The information in this Current Report on Form 8-K, including Exhibit No. 99.1 hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section. The information in this Current Report shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing or document.

Item 9.01 Financial Statements and Exhibits .

- (a) Financial statements: None
- (b) Pro forma financial information: None
- (c) Shell company transactions: None
- (d) Exhibits:
 - 99.1 Press release issued by the Company on June 25, 2009

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Christopher & Banks Corporation

Date: June 25, 2009

By: /s/ Rodney Carter
Rodney Carter
Executive Vice President,
Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

CHRISTOPHER & BANKS CORPORATION
EXHIBIT INDEX TO FORM 8-K

Date of Report:
June 25, 2009

Commission File No.:
001-31390

CHRISTOPHER & BANKS CORPORATION

<u>EXHIBIT NO.</u>	<u>ITEM</u>
99.1	Press release dated June 25, 2009

christopher & banks

2400 Xenium Lane North, Plymouth, MN 55441 • (763) 551-5000 • www.christopherandbanks.com

FOR: Christopher & Banks Corporation

COMPANY CONTACT: Lorna Nagler
President and Chief Executive Officer
(763) 551-5000

INVESTOR RELATIONS CONTACT: Investor Relations:
Joe Teklits/Jean Fontana ICR, Inc.
(203) 682-8200

CHRISTOPHER & BANKS CORPORATION ANNOUNCES FIRST QUARTER FISCAL 2010 RESULTS

Minneapolis, MN, June 25, 2009 — Christopher & Banks Corporation (NYSE: CBK), a specialty women's apparel chain with 814 retail stores, today announced results for the first quarter ended May 30, 2009.

First Quarter Highlights

- Reports earnings per diluted share from continuing operations of \$0.05 on sales of \$120.4 million.
- Reports first quarter fiscal 2010 same store sales decline of 24%.
- Achieved SG&A cost reductions of \$7.5 million.
- Ended the quarter with cash, cash equivalents and long-term investments of \$105 million, up from \$95 million at the end of fiscal 2009.
- Inventory per store at quarter-end down 22% from the prior year's first quarter.

First Quarter Results

Net sales were \$120.4 million, as compared to \$155.4 million for the first quarter of fiscal year 2009. Comparable store sales from continuing operations for the first quarter of fiscal 2010 decreased 24%, compared to flat same store sales in the prior year's first quarter. Merchandise, buying and occupancy expense was \$75.5 million or 62.7% of sales this fiscal quarter, compared to \$86.7 million or 55.8% of sales in last year's first quarter. SG&A for the first quarter of fiscal 2010 totaled \$36.1 million or 30.0% of net sales, as compared to \$43.6 million or 28.0% of net

sales in the first quarter of fiscal 2009. Considerable progress was made on the Company's SG&A expense reduction goal, with approximately \$7.5 million in SG&A savings in the first quarter. Net income from continuing operations for the first quarter of fiscal 2010 was \$1.7 million or \$0.05 per diluted share. This compares to net income from continuing operations of \$11.7 million or \$0.33 per diluted share in the first quarter of fiscal 2009.

Lorna Nagler, President and Chief Executive Officer, commented, "We were able to deliver positive cash flow and earnings for the quarter, both of which exceeded expectations and were a meaningful improvement over our fourth quarter results. The economic environment continued to pressure sales, resulting in a comp decline of 24% and, while in line with our previous guidance, we are not satisfied with the top line sales result."

Ms. Nagler continued, "During the first quarter, we also made considerable progress toward achieving our SG&A reduction goal and in improving our inventory levels. We also saw sequential improvement in our merchandise margin trend during the first quarter due to well-controlled inventory, and we continue to make significant progress on our key fiscal 2010 initiatives to position the Company for long-term, sustained growth. Finally, our balance sheet remains strong, which provides us the flexibility to respond to any challenges or opportunities that may surface."

During the quarter, the Company also achieved the following:

- Average per store inventory, which excludes e-Commerce, was reduced by approximately 22%, as compared to the prior fiscal year's first quarter, and inventory levels at quarter-end were current.
- The Company ended the quarter with cash, cash equivalents and investments of \$105 million, up from \$95 million at the end of fiscal 2009.

Outlook

The Company continues to plan conservatively for fiscal 2010, given the economic environment, and is only providing guidance on certain key financial metrics.

- The Company expects the second quarter to remain challenging. It is anticipating the comparable store sales trend for the second quarter to be similar to the first quarter.
- For the second quarter, total gross margin erosion is expected to be approximately 500 basis points, driven by deleveraging of fixed costs, principally occupancy. The merchandise margin rate is expected to be approximately the same as the first quarter of fiscal 2010, given that June and July are heavy clearance months and promotional activity is expected to remain high in the second quarter.
- SG&A expenses will continue to decrease as compared to last year, reflecting the success of the Company's cost reduction program. The Company expects that the year-over-year SG&A dollar reduction in the second quarter to be about half that achieved in the first quarter — on track with the SG&A reduction goal of at least \$15 million for the full fiscal year.
- Inventory will continue to be managed conservatively. Per store inventory, which excludes e-Commerce, is expected to be down mid to high teens on a percentage basis at the end of the second quarter, as compared to last year's second quarter.
- Capital expenditures are expected to be \$8 to \$9 million for the full fiscal year.
- The Company currently expects to be cash flow positive for fiscal 2010.

Conference Call Information

The Company will discuss its first quarter results in a conference call scheduled for today, June 25, 2009, at 8:30 a.m. Eastern time. The conference call will be simultaneously broadcast live over the Internet at <http://www.christopherandbanks.com>. An online archive of the broadcast will be available within one hour of the completion of the call and will be accessible at <http://www.christopherandbanks.com> until July 2, 2009. In addition, an audio replay of the call will be available shortly after its conclusion and will be archived until July 2, 2009. This call may be accessed by dialing (888) 203-1112 and using password 9587476.

About Christopher & Banks

Christopher & Banks Corporation is a Minneapolis-based specialty retailer of women's clothing. As of June 25, 2009, the Company operates 814 stores in 46 states consisting of 545 Christopher & Banks stores and 269 stores in their plus size clothing division CJ Banks. The

Company also operates the www.ChristopherandBanks.com and www.CJBanks.com e-Commerce websites.

Keywords : Petites, Women's Clothing, Plus Size Clothing, Christopher & Banks, CJ Banks.

Forward-Looking Statements

Certain statements in this press release are forward-looking statements, made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements may use the words "expect", "anticipate", "plan", "intend", "project", "believe" and similar expressions and include statements (i) that the Company continues to make solid progress on its key fiscal 2010 initiatives which position the Company for long-term, sustained growth; (ii) that the Company's balance sheet remains strong and provides it the flexibility to respond to any challenges or opportunities that may surface; (iii) that the Company expects the second quarter to remain challenging and is anticipating the comparable store sales trend for the second quarter to be similar to the first quarter; (iv) that for the second quarter, total gross margin erosion is expected to be approximately 500 basis points, driven by deleveraging of fixed costs, principally occupancy, and the merchandise margin rate is expected to be approximately the same as that of the first quarter of fiscal 2010; (v) that promotional activity is expected to remain high in the second quarter of fiscal 2010; (vi) that SG&A expenses will continue to decrease as compared to last year and that the Company expects that the year-over-year SG&A dollar reduction in the second quarter to be about half that achieved in the first quarter and that the Company is on track towards its SG&A reduction goal of at least \$15 million for fiscal 2010; (vii) that inventory will continue to be managed conservatively and per store inventory, which excludes e-Commerce, is expected to be down mid to high teens on a percentage basis at the end of the second quarter as compared to last year's second quarter; (viii) that capital expenditures are expected to be \$8 to \$9 million for the full fiscal year; and (ix) that the Company currently expects to be cash flow positive for fiscal 2010. These statements are based on management's current expectations and are subject to a number of uncertainties and risks, as well as assumptions that, if they do not fully materialize or prove incorrect, could cause our actual results to differ materially from those expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include,

but are not limited to: (i) the inherent difficulty in forecasting consumer buying and retail traffic patterns which may be affected by factors beyond our control, such as a weakness in overall consumer demand; adverse weather, economic or political conditions; and shifts in consumer tastes or spending habits that result in reduced sales; (ii) lack of acceptance of the Company's fashions, including its seasonal fashions; (iii) the ability of the Company's infrastructure and systems to adequately support our operations; (iv) effectiveness of the Company's brand awareness and marketing programs; (v) the possibility that, because of poor customer response to our merchandise, management may determine it is necessary to sell merchandise at lower than expected margins or at a loss; (vi) the failure to successfully implement the Company's strategic plans; (vii) general economic conditions and uncertainty in the financial and credit markets could lead to a reduction in store traffic and in consumer spending on women's apparel; (viii) fluctuations in the levels of the Company's sales, expenses or earnings; and (ix) risks associated with the performance and operations of the Company's Internet operations.

Readers are cautioned not to place undue reliance on these forward-looking statements, which are based on current expectations and speak only as of the date of this release. The Company does not assume any obligation to update or revise any forward-looking statement at any time for any reason.

Certain other factors that may cause actual results to differ from such forward-looking statements are included in the Company's periodic reports filed with the Securities and Exchange Commission and available on the Company's website under "Investor Relations" and you are urged to carefully consider all such factors.

###

CHRISTOPHER & BANKS CORPORATION
UNAUDITED COMPARATIVE STATEMENT OF OPERATIONS
FOR THE QUARTERS ENDED
MAY 30, 2009 AND MAY 31, 2008
(in thousands, except per share data)

	Quarter Ended	
	May 30, 2009	May 31, 2008
Net sales	\$ 120,367	\$ 155,395
Costs and expenses:		
Merchandise, buying and occupancy	75,458	86,734
Selling, general and administrative	36,144	43,565
Depreciation and amortization	6,311	6,408
Total costs and expenses	<u>117,913</u>	<u>136,707</u>
Operating income	2,454	18,688
Interest income	<u>115</u>	<u>827</u>
Income from continuing operations before income taxes	2,569	19,515
Income tax provision	<u>884</u>	<u>7,767</u>
Income from continuing operations	1,685	11,748
Loss from discontinued operations, net of tax	<u>—</u>	<u>(475)</u>
Net income	<u>\$ 1,685</u>	<u>\$ 11,273</u>
Basic earnings (loss) per share:		
Continuing operations	\$ 0.05	\$ 0.33
Discontinued operations	<u>—</u>	<u>(0.01)</u>
Earnings per basic share	<u>\$ 0.05</u>	<u>\$ 0.32</u>
Basic shares outstanding	<u>35,132</u>	<u>35,071</u>
Diluted earnings (loss) per share:		
Continuing operations	\$ 0.05	\$ 0.33
Discontinued operations	<u>—</u>	<u>(0.01)</u>
Earnings per diluted share	<u>\$ 0.05</u>	<u>\$ 0.32</u>
Diluted shares outstanding	<u>35,137</u>	<u>35,138</u>
Dividends per share	<u>\$ 0.06</u>	<u>\$ 0.06</u>

CHRISTOPHER & BANKS CORPORATION
UNAUDITED COMPARATIVE BALANCE SHEET
(in thousands)

	May 30, 2009	May 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 88,306	\$ 88,033
Short-term investments	—	5,000
Merchandise inventories	32,570	42,103
Other current assets	27,690	22,924
Total current assets	<u>148,566</u>	<u>158,060</u>
Property, equipment and improvements, net	<u>114,759</u>	<u>135,225</u>
Other assets:		
Long-term investments	16,400	18,536
Other	8,232	6,196
Total other assets	<u>24,632</u>	<u>24,732</u>
Total assets	<u>\$ 287,957</u>	<u>\$ 318,017</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 22,570	\$ 10,347
Accrued liabilities	27,847	37,848
Other current liabilities	487	—
Total current liabilities	<u>50,904</u>	<u>48,195</u>
Other liabilities:		
Deferred lease incentives	22,471	25,258
Other	14,315	15,906
Total other liabilities	<u>36,786</u>	<u>41,164</u>
Stockholders' equity:		
Common stock	457	452
Additional paid-in capital	112,233	110,987
Retained earnings	200,289	231,092
Common stock held in treasury	(112,712)	(112,859)
Accumulated other comprehensive income (loss)	—	(1,014)
Total stockholders' equity	<u>200,267</u>	<u>228,658</u>
Total liabilities and stockholders' equity	<u>\$ 287,957</u>	<u>\$ 318,017</u>